

# City of Detroit

## CITY COUNCIL

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TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director *ICJ.*

DATE: March 23, 2007

RE: Update on Casino Business Development Funds

The purpose of this report is to give your Honorable Body a status of the casino business development funds that are administered primarily by the Economic Growth Corporation and now, to some extent, partially by the Downtown Development Authority.

### **Brief History of the Casino Business Development Funds**

Before I give a status of the funds, I thought it would be helpful to give a brief history of the business development funds as codified in the casino development agreements.

#### **Funds received under the initial development agreements**

In the initial casino development agreements, the three casinos, MGM Grand Detroit, LLC, Greektown Casino, LLC and Detroit Entertainment, LLC (the "casinos"), were to have provided \$73.5 million in business development funds to the City over a ten-year period.

However, during the period under the initial casino development agreements, the City for business development collected funds totaling \$2.5 million. Although I am not certain, based on a City Planning Commission memo entitled "Business Development Funds" dated May 29, 2003, it appears that Detroit Entertainment (a/k/a "MotorCity Casino") was the casino that put up the \$2.5 million for business development. \$1.5 million of this money is located in appropriation 11853-Office of Neighborhood Commercial Revitalization, and the remaining \$1 million is in appropriation 11854-African American Business District.

#### **Funds received under the revised casino development agreements**

Both appropriations totaling \$2.5 million and the \$30 million that was received from the casinos under the revised casino development agreements, for a grand



total of \$32.5 million, was deposited into a special revenue fund entitled the "Targeted Business Development Fund". This fund was included in the City's Comprehensive Annual Financial Report ("CAFR") as of June 30, 2005. The second page of Attachment I shows this fund as reflected in the CAFR with a balance of \$32.5 million as of June 30, 2005.

Council will recall that under the revised casino development agreements, the amount for business development funds was amended to \$40 million with each casino committing \$10 million towards the establishment of a minority business development fund, and the City contributing an additional \$10 million from "other funds" the City received from the casinos under their respective development agreements.

Parenthetically, Council will note that the figure "\$40 million" is roughly the present value of \$73.5 million that was to be received over ten years under the initial casino development agreements for business development funds. Council was informed at the time that this is how the \$40 million figure was negotiated for the revised agreements.

"Other funds" from the casinos included first, the total of \$102 million the City received in the form of "budget assistance" from the casinos during the first two fiscal years after the revised development agreements were executed in August of 2002. Secondly, other funds included the one percent (1%) from the casinos' adjusted gross receipts starting January 1, 2006. And thirdly, other funds included an additional 1% the City receives when a casino's aggregate adjusted gross revenues for any calendar year after January 1, 2006 equals \$400 million.

In principle, however, the Mayor during the negotiations of the revised casino agreements agreed that the initial 1% and the second 1% would be used for recreational purposes. But this agreement was not codified in the revised casino development agreements.

Although the City received the \$30 million from the casinos sometime between 2002 and 2003, it could not be used for business development until the *Lac Vieux* litigation was resolved. In April 2005, the litigation was resolved and the injunction was lifted to allow the construction of the permanent casinos and the release of the \$30 million in business development funds for its intended use. Subsequently, the \$30 million was deposited in the "Targeted Business Development Fund" in July 2003. The second page of Attachment II shows the \$30 million balance in this fund as of June 30, 2004 per the CAFR.

#### *Status of the City's contribution to the Business Development Fund*

It is important to note that the revised casino development agreements do not require that the City make the \$10 million contribution to the Minority Business Development Fund all at once, nor do they give a timeframe as to when the City



must commit to giving its \$10 million contribution to the Minority Business Development Fund.

Council will recall that Mayor Kilpatrick proposed appropriating the City's \$10 million contribution to the Targeted Business Development Fund in his proposed 2002-03 budget (see Attachment III). But the Mayor also wanted to use \$55.25 million in budget assistance, or casino enhancement, money to help balance his proposed 2002-03 budget (see Attachment IV).

**Council, however, chose not to include the casino enhancement money in the 2002-03 budget because the revised casino development agreements were still under negotiations at the time (April 2002) and did not want to be in an awkward position of approving a budget built on revenue from unauthorized casino agreements that were still being hotly debated at the time.**

So, Council decided to back out the \$55.25 million in casino enhancement revenue from the 2002-03 budget and replaced it by eliminating \$23 million in payments to the Police and Fire pension fund because the pension fund was overfunded by \$437 million at the time and, by increasing Sale of Land revenue by \$35.4 million in hopes the Dehoco land sale would be done in that fiscal year.

Council, in turn, also eliminated the City's \$10 million contribution towards the Targeted Business Development Fund again because the revised casino development agreements were not authorized at the time and decided to use the \$10 million for more pressing priorities established by the Council during the 2002-03 budget process. Attachment V shows Council's changes to the Mayor's proposed 2002-03 budget that outlines its changes mentioned previously.

Furthermore, Council also will recall that Mayor Kilpatrick proposed appropriating \$5 million for the City's contribution to the Targeted Business Development Fund in his 2006-07 proposed budget (see Attachment VI). **But Council was facing a \$200 million budget deficit as of June 30, 2006 during the 2006-07 budget process. So, Council chose to eliminate the \$5 million appropriation for the business development fund until the City's fiscal outlook improves and used the \$5 million for other pressing Council priorities for fiscal year 2006-07 (see Attachment VII).** As Council knows, you agreed to a Prior Year Deficit appropriation of \$67 million due to initiatives offered by the Mayor, such as selling \$30 million worth of city-owned property. Of course, more recently, Council is aware that the deficit for 2005-06, or as of June 30, 2006, is around \$163 million.

### **Status of the Casino Business Development Funds**

Council took action on April 27, 2005 to pass a resolution approving a certain framework for the total of \$42,750,000 in business development funds. The total



includes the \$30 million contribution from the casinos, the pending \$10 million contribution from the City, and \$250,000 in funding from the 2005-06 Community Development Block Grant (CDBG) program for the African American Business District. Attachment VIII is the resolution showing how the \$42,750,000 is to be allocated for certain programs.

Subsequently, Council approved on November 18, 2005 a funding agreement between the City of Detroit and the Economic Development Corporation (EDC) for the "casino development fund" project. Under this agreement, the EDC serves as the administrator over the casino business development funds. The contract was for not-to-exceed \$42.5 million with an advanced payment of \$32.5 million, given the fact that the City had not committed any funds to the Targeted Business Development special revenue fund yet. Attachment IX represents Exhibit C-Scope of Services/EDC Activities of the funding agreement, and it gives a good description of the various programs to be funded from the casino business development funds.

Council also passed a resolution on November 18, 2005 that revised the April 27, 2005 resolution to basically change the allocation to the Joint Employment & Procurement Advisory Board to \$2 million by reducing the allocation to the Detroit Community Loan Fund to \$4.5 million, and to require that the allocation of the Targeted Business Development Funds would be given to the EDC in multiple payments, the first being \$7 million on December 31, 2005 and a second payment after March 31, 2006 and following payments thereafter upon request by the EDC as needed to support the objectives outlined in the Scopes of Services. Attachment X represents this resolution.

In actuality, the EDC received the first installment of \$7 million in March of 2006. This money was allocated amongst the various programs that are reflected in Attachment X by a pro-rata share to the various programs. During February 2007, the EDC received another installment of \$7 million, and this money was targeted towards the African American Business District and Tech Town.

The accounting section of the Detroit Economic Growth Corporation prepared Attachment XI and it shows a total budget of \$42.85 million for the casino development funds. Council should note that the spreadsheet does not show the \$250,000 allocation in CDBG funds for the African American Business District.

Attachment XI also shows a budget of \$14.35 million based on the two allocations of \$7 million plus projected interest income of \$350,000 to be used for EDC administrative purposes in accordance with the City/EDC funding agreement. Council should note that the EDC is entitled to receive \$350,000 annually as compensation for its administrative services. In any year sufficient funds from interest earnings does not materialize to cover the \$350,000, the EDC has the power to make the payment out of the principal of the casino business development funds.



As can be seen, Attachment XI also shows that against \$14.24 million in revenue received through February 2007, approximately \$2.93 million has been disbursed against the budgets of the various programs. I do not have at this time a breakdown of the various expenditures made to date.

Council will recall that during your Council session on Wednesday, March 21<sup>st</sup>, the City Planning Commission (CPC) asked for 45 days to work with the EDC to receive details on how the casino business development funds have been disbursed at this point. The EDC will be working with representatives from the various programs to provide that detail to CPC. CPC also informed Council during that session that the various groups have fairly recently received the funds from the EDC. This probably explains why the level of expenditures to date is relatively low.

*Allocation to the African American Business District now known as the "Paradise Valley Business and Entertainment District"*

On February 28<sup>th</sup>, Council approved a resolution (see Attachment XII) that transferred the \$4 million allocation via the Wayne County/Detroit New Market Tax Credit Program to the Paradise Valley Business and Entertainment District (PVBED). The total allocation to the PVBED is now \$10.25 million, or \$10 million from the casino business development funds and \$250,000 from CDBG program.

Council knows that the EDC is agreeing that the PVBED project become a Downtown Development Authority (DDA) project since the district will be located in the Harmonie Park area in downtown Detroit, which is a current DDA project. The DDA is the owner of three buildings in the Harmonie Park area and is in the process of acquiring a parking lot in the area. After acquiring the parking lot, the DDA would have spent \$10.09 million to acquire the three buildings and parking lot. Therefore, the \$10 million in casino development funds designated for the PVBED will be used to reimburse the DDA for the property expenditures.

Council should note that a funding agreement between the EDC and the DDA has been approved by both boards and should be executed during the week of March 26<sup>th</sup>. I will ensure that the Council gets a copy of that agreement.

I understand that the EDC/DDA funding agreement will stipulate that program revenues from the property owned by the DDA in the PVBED will flow to the PVBED. I also understand that if necessary, the DDA will allocate other DDA funds to the PVBED to carry out its mission and program objectives.

I will update your Honorable Body on the usage of the \$250,000 in CDBG funds slated for the PVBED whenever I receive any information. To my knowledge, however, none of these funds have been spent to date.



Please let me know if I could be of more assistance.

Attachments

cc: Council Divisions  
Auditor General's Office  
Ombudsperson's Office  
Douglas Diggs, Planning and Development Department Director  
George Jackson, Detroit Economic Growth Corporation President  
Glen Long, DEGC Chief Financial Officer  
Art Papapanos, DEGC Authorized Agent for the DDA  
Roger Short, Chief Financial Officer  
Pamela Scales, Budget Director  
Kandia Milton, Mayor's Office

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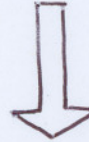
# Attachment I

**City of Detroit, Michigan**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**June 30, 2005**

ASSETS	Community Development Block Grant Funds	Construction Code Fund	Detroit Building Authority Fund	Drug Law Enforcement Fund
<b>Current Assets:</b>				
Cash.....	\$ 1,388,485	\$ 3,002,515	\$ 2,146,303	\$ 355,187
Investments.....	-	-	-	17,147,226
<b>Accounts and Contracts Receivable:</b>				
Due from Other Funds.....	2,087,629	348,209	179,985	-
Due from Other Governmental Agencies.....	7,522,442	58,077	-	-
Other Receivables.....	401,667	419,357	-	-
Total Accounts and Contracts Receivable.....	10,011,738	825,643	179,985	-
Allowance for Uncollectible Accounts.....	(37,608)	(345,200)	-	-
Total Accounts and Contracts Receivable - Net.....	9,974,130	480,443	179,985	-
Prepaid Expenditures.....	-	-	-	-
Inventory--Forfeited Property.....	-	-	-	250,875
Other Inventory.....	-	48,009	-	-
Total Current Assets.....	11,362,615	3,530,967	2,326,288	17,753,288
<b>Restricted Assets:</b>				
Cash.....	1,001,831	-	-	-
Total Assets.....	12,364,446	3,530,967	2,326,288	17,753,288
<b>LIABILITIES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts and Contracts Payable.....	2,056,612	34,212	341,170	496,565
Due to Other Funds.....	4,757,090	1,233,248	912,027	31,670
Advances from Other Funds.....	-	-	-	-
Due to Other Governmental Agencies.....	-	-	-	-
Deposits from Vendors and Customers.....	-	4,487	-	2,843,153
Accrued Salaries and Wages Payable.....	571,927	622,145	-	21,199
Accrued Liabilities.....	3,654,544	1,378,968	-	300,246
Other Liabilities.....	1,324,273	-	222,837	-
Deferred Revenue.....	-	-	-	-
Total Liabilities.....	12,364,446	3,273,060	1,476,034	3,692,833
<b>Fund Balances:</b>				
Reserved for Inventory.....	-	48,009	-	250,875
Reserved for Encumbrances.....	-	208,969	-	13,809,580
Undesignated.....	-	929	850,254	-
Total Fund Balances.....	-	257,907	850,254	14,060,455
Total Liabilities and Fund Balances.....	\$ 12,364,446	\$ 3,530,967	\$ 2,326,288	\$ 17,753,288

See accompanying independent auditors' report.





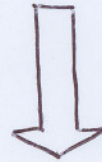
Empowerment Zone Fund	Detroit Workforce Development Department	Human Services Fund	Street Funds	Supportive Housing Programs and Homeless Initiatives Funds	Targeted Business Development Fund	Total
\$ 1,157,520	\$ 5,472,405	\$ 5,613,144	\$ 1,371,702	\$ 99,900	\$ -	\$ 20,607,161
-	-	-	39,000,000	-	32,500,000	88,647,226
61,189	206,080	1,674,934	93,867	-	-	4,651,893
4,802,196	5,183,204	-	11,936,751	465,715	-	29,968,385
-	-	-	60,442	-	-	881,466
4,863,385	5,389,284	1,674,934	12,091,060	465,715	-	35,501,744
-	-	-	(45,724)	-	-	(428,532)
4,863,385	5,389,284	1,674,934	12,045,336	465,715	-	35,073,212
-	127,636	-	-	-	-	127,636
-	-	-	-	-	-	250,875
-	-	-	629,199	-	-	677,208
6,020,905	10,989,325	7,288,078	53,046,237	565,615	32,500,000	145,383,318
-	-	-	-	-	-	1,001,831
6,020,905	10,989,325	7,288,078	53,046,237	565,615	32,500,000	146,385,149
68,898	7,765,575	2,980,772	3,101,578	156,090	-	17,001,472
953,677	863,213	628,102	499,743	23,710	-	9,902,480
-	145,674	-	-	-	-	145,674
-	1,363,974	427,962	3,404,514	-	-	5,196,450
-	-	-	-	-	-	2,847,640
29,397	412,607	280,539	-	-	-	1,937,814
4,968,933	438,282	572,220	1,865,741	385,815	-	13,564,749
-	-	-	-	-	-	1,547,110
-	-	2,398,483	-	-	-	2,398,483
6,020,905	10,989,325	7,288,078	8,871,576	565,615	-	54,541,872
-	-	-	629,199	-	-	928,083
-	-	-	-	-	-	14,018,549
-	-	-	43,545,462	-	32,500,000	76,896,645
-	-	-	44,174,661	-	32,500,000	91,843,277
\$ 6,020,905	\$ 10,989,325	\$ 7,288,078	\$ 53,046,237	\$ 565,615	\$ 32,500,000	\$ 146,385,149



City of Detroit, Michigan  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
 June 30, 2004

ASSETS	Community Development Block Grant Funds	Construction Code Fund	Detroit Building Authority Fund	Drug Law Enforcement Fund
<b>Current Assets:</b>				
Cash.....	\$ 5,604,890	\$ 592,560	\$ 2,711,368	\$ 251,611
Investments.....	16,355,466	-	-	15,217,500
<b>Accounts and Contracts Receivable:</b>				
Due from Other Funds.....	814,179	609,177	-	127,452
Due from Other Governmental Agencies.....	-	-	45,576	-
Other Receivables.....	43,462	524,404	-	-
Total Accounts and Contracts Receivable.....	857,641	1,133,581	45,576	127,452
Allowance for Uncollectible Accounts.....	(32,768)	(168,905)	-	-
Total Accounts and Contracts Receivable - Net..	824,873	964,676	45,576	127,452
Advances to Component Units.....	358,205	-	-	-
Prepaid Expenditures.....	-	-	-	-
Inventory--Forfeited Property.....	-	-	-	572,568
Other Inventory.....	-	29,159	-	-
Total Current Assets.....	23,143,434	1,586,395	2,756,944	16,169,131
<b>Restricted Assets:</b>				
Cash.....	833,643	4,587	-	-
Total Assets.....	23,977,077	1,590,982	2,756,944	16,169,131
<b>LIABILITIES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts and Contracts Payable.....	1,617,518	15,025	353,778	3,047
Due to Other Funds.....	6,129,448	744,484	2,575,538	25,564
Advances from Other Funds.....	-	-	-	-
Due to Other Governmental Agencies.....	13,201,172	-	-	107,980
Deposits from Vendors and Customers.....	-	4,487	-	2,921,120
Accrued Salaries and Wages Payable.....	702,484	577,462	-	22,692
Accrued Employee Benefits Payable.....	-	10,263	-	-
Accrued Liabilities.....	1,042,646	239,261	195,395	162,607
Other Liabilities.....	1,283,809	-	-	31,762
Deferred Revenue.....	-	-	-	-
Total Liabilities.....	23,977,077	1,590,982	3,124,711	3,274,772
<b>Fund Balances (Deficits):</b>				
Reserved for Inventory.....	-	29,159	-	572,568
Reserved for Encumbrances.....	-	82,947	-	12,321,791
Undesignated.....	-	(112,106)	(367,767)	-
Total Fund Balances (Deficits).....	-	-	(367,767)	12,894,359
Total Liabilities and Fund Balances.....	\$ 23,977,077	\$ 1,590,982	\$ 2,756,944	\$ 16,169,131





Empowerment Zone Fund	Detroit Workforce Development Department	Human Services Fund	Street Funds	Supportive Housing Programs and Homeless Initiatives Funds	Targeted Business Development Fund	Total
\$ 1,911,314	\$ 10,977,964	\$ 2,131,721	\$ 3,851,912	\$ -	\$ -	\$ 28,033,340
-	-	-	35,000,000	-	30,000,000	96,572,966
12,938	1,733,685	58,512	129,381	-	-	3,485,324
5,176,449	2,526,139	3,889,737	11,961,688	961,655	-	24,561,244
-	-	-	45,724	-	-	613,590
5,189,387	4,259,824	3,948,249	12,136,793	961,655	-	28,660,158
-	-	-	(45,724)	-	-	(247,397)
5,189,387	4,259,824	3,948,249	12,091,069	961,655	-	28,412,761
-	-	-	-	-	-	358,205
-	127,636	-	-	-	-	127,636
-	-	-	-	-	-	572,568
-	-	-	411,934	-	-	441,093
7,100,701	15,365,424	6,079,970	51,354,915	961,655	30,000,000	154,518,569
-	-	-	-	18,684	-	856,914
7,100,701	15,365,424	6,079,970	51,354,915	980,339	30,000,000	155,375,483
699,566	10,144,386	1,460,729	2,543,835	98,634	-	16,936,518
973,934	2,117,164	805,141	1,873,110	-	-	15,244,383
-	147,000	-	-	-	-	147,000
-	2,374,021	-	1,242,683	-	-	16,925,856
-	-	-	-	-	-	2,925,607
30,928	582,853	222,019	-	-	-	2,138,438
-	-	-	-	-	-	10,263
5,396,273	-	1,163,021	409,103	881,705	-	9,490,011
-	-	-	-	-	-	1,315,571
-	-	2,429,060	-	-	-	2,429,060
7,100,701	15,365,424	6,079,970	6,068,731	980,339	-	67,562,707
-	-	-	411,934	-	-	1,013,661
-	-	-	-	-	-	12,404,738
-	-	-	44,874,250	-	30,000,000	74,394,377
-	-	-	45,286,184	-	30,000,000	87,812,776
\$ 7,100,701	\$ 15,365,424	\$ 6,079,970	\$ 51,354,915	\$ 980,339	\$ 30,000,000	\$ 155,375,483



**CITY OF DETROIT**  
**Non - Departmental**  
**Financial Detail by Appropriation and Organization**

Museum Of African Amer. Hist.-Oper	2001-02 Redbook		2002-03 Dept Final Request		2002-03 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>African American History Museum - Op</b>						
<b>APPROPRIATION ORGANIZATION</b>						
05414 - African American History Museum - Opera						
350290 - Museum Of African Amer. Hist.-Oper	0	\$1,805,000	0	\$1,805,000	0	\$1,805,000
<b>APPROPRIATION TOTAL</b>	<b>0</b>	<b>\$1,805,000</b>	<b>0</b>	<b>\$1,805,000</b>	<b>0</b>	<b>\$1,805,000</b>
10387 - Housing Support - Security						
350295 - Housing Support - Security	0	\$1,257,000	0	\$0	0	\$1,257,000
<b>APPROPRIATION TOTAL</b>	<b>0</b>	<b>\$1,257,000</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$1,257,000</b>
10724 - Museum of African American History						
350745 - Museum of African American History	0	\$0	0	\$0	0	\$1,500,000
<b>APPROPRIATION TOTAL</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$1,500,000</b>
10851 - Targeted Business Development						
350085 - Targeted Business Development	0	\$0	0	\$0	0	\$10,000,000
<b>APPROPRIATION TOTAL</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$10,000,000</b>
<b>ACTIVITY TOTAL</b>	<b>0</b>	<b>\$160,222,185</b>	<b>0</b>	<b>\$135,064,832</b>	<b>0</b>	<b>\$143,413,731</b>



**CITY OF DETROIT**  
**Budget Development for FY 2002 - 2003**  
**Appropriation Summary - Revenues**

	2000-01 Actuals	2001-02 Redbook	2002-03 Dept Final Request	2002-03 Mayor's Budget Rec	Variance
<b>A35000 - Non-Departmental</b>					
00650 - General Bond Fund Investment Earning					
461100 - Earnings On Investmer	119,341	7,902,000	1,726,000	1,726,000	(6,176,000)
00650 - General Bond Fund Investme	119,341	7,902,000	1,726,000	1,726,000	(6,176,000)
00992 - Capital Improvement Bonds - DIA					
461100 - Earnings On Investmer	0	71,000	0	0	(71,000)
522100 - Sale Of Bonds	0	5,000,000	0	5,000,000	0
00992 - Capital Improvement Bonds -	0	5,071,000	0	5,000,000	(71,000)
06925 - Temp Casino Site Sup & Infra Imp					
448115 - Other Fees	1,419,183	13,100,000	13,000,000	13,000,000	(100,000)
448185 - Municipal Services Fee	9,084,337	0	0	0	0
06925 - Temp Casino Site Sup & Infra	10,503,520	13,100,000	13,000,000	13,000,000	(100,000)
10181 - Casino Land Aquisition					
461100 - Earnings On Investmer	6,073,419	0	0	0	0
10181 - Casino Land Aquisition	6,073,419	0	0	0	0
10633 - Internal Service Fund - Vehicles					
472150 - Other Miscellaneous	0	26,000,000	30,000,000	28,000,000	2,000,000
540105 - General Fund Contribu	0	3,679,890	10,100,000	7,569,614	3,889,724
10633 - Internal Service Fund - Vehicl	0	29,679,890	40,100,000	35,569,614	5,889,724
10845 - Casino Enhancement					
521170 - Miscellaneous Contribu	0	0	0	55,250,000	55,250,000
10845 - Casino Enhancement	0	0	0	55,250,000	55,250,000
00277 - Detroit Building Authority					
449150 - Personal Services-Oth-	486,053	738,124	865,728	780,431	42,307
00277 - Detroit Building Authority	486,053	738,124	865,728	780,431	42,307
00279 - Special Commercial Area Maintenance					
449125 - Personal Services	49,418	0	0	0	0
449150 - Personal Services-Oth-	31,532	0	0	0	0
00279 - Special Commercial Area Ma	80,950	0	0	0	0
00276 - Greater Detroit Resource Recovery Auth					
449125 - Personal Services	411,293	0	0	0	0
449150 - Personal Services-Oth-	457,945	1,081,678	976,694	1,131,995	50,317
00276 - Greater Detroit Resource Rec	869,238	1,081,678	976,694	1,131,995	50,317
00578 - Parking Systems Operating Advance					
510325 - Transfers From Other F	9,627,326	12,434,278	12,500,000	12,680,893	246,615
00578 - Parking Systems Operating A	9,627,326	12,434,278	12,500,000	12,680,893	246,615



# Attachment V

Agency	Appr.	Approp. Name	Recommended Implementation	Net Tax Cost Increase/(Decrease)
Finance	00061	Purchasing Division	Reduce funding and shift 2 Purchasing Agent III positions to new approp. For Living Wage Monitoring	(132,000)
Finance	10674	Office of Targeted Business Development	Restore appropriations and the 5 FTEs that were taken out of rec. budget	350,000
Finance	10883	Living Wage Ordinance Monitoring	Create new appropriation and add 2 Purchasing Agent III positions to monitor Living Wage Ordinance issues	132,000
Fire	00064	Executive Mgmt. & Support	Add funding for 3 Ltnts in the Community Relations organization	247,000
Fire	00064	Executive Mgmt. & Support	Delete fire pension payment	(112,737)
Fire	00065	Ordinance Enforcement	Delete fire pension payment	(341,693)
Fire	00067	Emergency Medical Services	Add funding for 1 Full-Time Strategic Response Unit — add 4 EMMT's and 7 AEMMTs plus 1 SUV, 1 mobile VHF radio, 1 mobile UHF radio, basis equipment and a prep radio and a pediatric bag	693,000
Fire	00718	Firefighting Operations	Add funding for certified flashlights	125,300
Fire	00718	Firefighting Operations	Add funding for dual capability radios (analog and digital)	259,000
Fire	00718	Fire Fighting Operations	Delete fire pension payment	(5,997,384)
Fire	10151	Casino Mun. Svcs.-Fire	Delete fire pension payment	(121,943)
Health	00074	Primary Family Care	Reduce this appropriation, Leave org. 250500 — break out remaining organizations into separate appropriations	(3,609,040)
Health	10889	Grace Ross Health Center	Create new appropriation; Shift appropriations and ftes from org. 250520	903,159
Health	10890	Northeast Health Center	Create new appropriation; Shift appropriations and ftes from org. 250530	1,185,856
Health	10891	CHASS Health Center	Create new appropriation; Shift appropriations and ftes from org. 250550	100,000
Health	10892	Herman Kiefer Family Health Center	Create new appropriation; Shift appropriations and ftes from org. 250560	1,420,025





<u>Agency</u>	<u>Appr.</u>	<u>Approp. Name</u>	<u>Recommended Implementation</u>	<u>Net Tax Cost Increase/(Decrease)</u>
Library	00189	Main Library	Restore existing org. 720150 and restore the current FTEs	405,000
Library	10887	Burton Historical Collection	Create new appropriation and restore 10 FTEs from org. 720160 - 1 Lib. Dept. Mgr.; 1 Lib. III; 3 Lib. II; Library Clerk; 3 Library Clerical Asst.	439,549 (250,000)
Library	00189	Main Library	Add General Fund Revenue	
Mayor	00096	Executive Office	Add 1 Executive Asst. V to create a support staff person for the Risk Management Council	100,000
Non-Deptl.	00209	Library Support	Increase GF contribution to Library	250,000
Non-Deptl.	00347	Airport Support	Increase Appropriation	100,000
Non-Deptl.	10845	Casino Enhancement	Eliminate Revenue	55,250,000
Non-Deptl.	10851	Targeted Business Development	Reduce Appropriation	(10,000,000)
Planning & Dev.	00014	PDD Development	Increase Revenue for Sale of Land	(35,361,732)
Planning & Dev.	00595	Economic Development Corp.	Restore funding	150,000
Planning & Dev.	00597	Economic Growth Corp.	Restore funding	687,500
Planning & Dev.	10835	Business License Center	Reduce appropriations by \$938,763 return 13 FTEs back to Con. Affrs.; also move revenue totaling \$1,702,640 back.	757,697
Planning & Dev.	10884	Historic Commission	Add funding based to cover the new state law	100,000
Planning & Dev.	10885		Provide General Fund appropriations for CDBG Administration	654,367
Police	00111	Police Commission	Delete police pension payment	(40,384)
Police	00112	Police Executive	Delete police pension payment	(645,169)
Police	00115	Personal Bureau	Delete police pension payment	(574,229)
Police	00116	Eastern Operations	Delete police pension payment	(5,094,750)
Police	00117	Western Operations	Delete police pension payment	(4,322,665)
Police	00118	Headquarters Bureau	Delete police pension payment	(2,323,782)
Police	00119	Management Services Bureau	Reduce appropriations; shift Weights and Measures appropriations and FTE's back to Consumer Affairs; Also move revenues back	(196,934)





Agency	Appr.	Approp. Name	Recommended Implementation	Net Tax Cost Increase/(Decrease)
Police	00119	Mgmt. Services Bureau	Delete police pension payment	(835,318)
Police	10886	Domestic Violence Unit	Create new appropriation for Domestic Violence Unit	1,673,003
Police	00119	Headquarters Bureau	Take out funding for Domestic Violence	(1,673,003)
Police	00648	Enhance Drug Enfor. Prog.	Delete police pension payment	(64,552)
Police	00880	Police Athletic League	Delete police pension payment	(51,818)
Police	10082	Assistant Chief	Delete police pension payment	(411,151)
Police	10083	Narcotics Bureau	Delete police pension payment	(1,557,014)
Police	10152	Casino Mun. Svcs.-Police	Delete police pension payment	(585,292)
Public Lighting	00123	General Admin.	Restore 1 Clerk in Stores and Warehouse	50,000
Public Lighting	00127	Engineering	Add funding for technology - 2 Compaq EVO W6000, 2.0Ghz Pentium 4, 18 GB computers; 2 Matrox Millenium G450 Dual Head AGP Video Card; 4 Compaq P1220 22" monitors; 1 pc server; 1 RICOH Africio 470W Wide Format Hard Disk Drive; 16 Compaq EVO Pentium 4, Graphics, cdrom, audio, windows; 8 Compaq TFT7020 17" LCD Monitor; 8 Compaq 17" color monitors; 11 Seats Bentley Microstation Select; 9 Seats Map Info GIS; 2 Training Sessions for Microstations; 1 CAD/GIS training; 1 axiom microstation utility software.	145,000
Public Lighting	00127	Engineering	Restore 1 Line System Investigator in Street Light Design; 1 LSI in Traffic Signal Design; 1 LSI in Underground Facilities Maps & Records; 1 Draft Technician in Substation Design	200,000
Recreation	10542	Development & Support	Restore 6 FTEs cut in mayor's recommended budget	300,000
Recreation	10544	North District Operations	Restore 3 FTEs cut in mayor's recommended budget	150,000
Recreation	10545	South District Operations	Restore 3 FTEs cut in mayor's recommended budget	150,000





**NON-DEPARTMENTAL (35)**

***TARGETED BUSINESS DEVELOPMENT***

**ACTIVITY DESCRIPTION: TARGETED BUSINESS DEVELOPMENT**

This Activity provides for the City's commitment to the Targeted Business Development Fund. This is the first payment of a two-year commitment to the fund. The fund was established with the execution of the Casino operating agreements. Each Casino contributed \$10 million for the purpose of assisting minority business development. The City's commitment to the fund was \$10 million.



**CITY OF DETROIT**  
**Non-Departmental**  
**Financial Detail by Appropriation and Organization**

Office of Targeted Business Development Office of Targeted Business Developme	2005-06 Redbook		2006-07 Dept Final Request		2006-07 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<i>APPROPRIATION ORGANIZATION</i>						
11426 - Office of Targeted Business Developmer						
350083 - Office of Targeted Business Develop	0	\$0	0	\$5,000,000	0	\$5,000,000
<b>APPROPRIATION TOTAL</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$5,000,000</b>	<b>0</b>	<b>\$5,000,000</b>
<b>ACTIVITY TOTAL</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$5,000,000</b>	<b>0</b>	<b>\$5,000,000</b>





CITY COUNCIL CHANGES TO THE 2006-2007 BUDGET  
APPROPRIATION AND REVENUE CHANGES  
SUMMARY BY AGENCY AND APPROPRIATION

Agency	Action and Appropriation Number	Appropriation Name	Recommended Implementation	FTEs	Appropriations	Revenues	Net Tax Cost Increase/(Decrease)
33 Mayor's Office	Increase Revenue	12224 Special Events	Shift Program from Recreation to Mayor's Office/Neighborhood City Hall			200,000	(200,000)
33 Mayor's Office	Increase Revenue	12225 Outreach and Assistance	Shift Program from Recreation to Mayor's Office/Neighborhood City Hall			211,284	(211,284)
34 Municipal Parking Department	Increase Revenue	00102 Parking Violations Bureau	Increase Parking Fine Revenue			250,000	(250,000)
35 Non-Departmental	Decrease Appropriation	12169 311 Call Center	Shift funding to Mayor's Office/Neighborhood City Hall	(25)	(1,491,760)		(1,491,760)
35 Non-Departmental	Decrease Appropriation	11426 Office of Targeted Business Development	Eliminate Appropriation until city's fiscal outlook improves		(5,000,000)		(5,000,000)
35 Non-Departmental	Decrease Appropriation	12170 Citizen Radio Patrol	Shift funding to Mayor's Office/Neighborhood City Hall		(250,000)		(250,000)
35 Non-Departmental	Increase Appropriation	05414 African American History Museum - Operations	Increase operating subsidy		400,000		400,000
35 Non-Departmental	Increase Appropriation	12226 Interest - Short Term Borrowing	Provide appropriation to make interest payment		3,000,000		3,000,000
35 Non-Departmental	Increase Appropriation	00341 Tax Support - DOT	Increase subsidy due to change in fare structure		426,000		426,000
35 Non-Departmental	Increase Appropriation	0975 Health Care Improvement - Uniform Retirees	Provide funding for Police and Fire pre-1987 widows for dental and optical		53,000		53,000
35 Non-Departmental	Increase Revenue	04739 General Revenue - Non-Departmental	Increase Wagering Excise Tax			6,600,000	(6,600,000)
37 Police	Increase Appropriation	12221 Drug Court - Project Fresh Start	Provide general funds for project		250,000		250,000
37 Police	Increase Revenue	00119 Fiscal Management Bureau	Fee Increases per Maximus Study			1,200,480	(1,200,480)
38 Public Lighting Department	Decrease Appropriation	00131 Heat and Power Production	Central Staff Services not allocated to General Fund Agency - Funds should still be collected according to allocation charts for enterprise agencies.		(3,000,000)		(3,000,000)
39 Recreation	Decrease Appropriation	11656 Recreation Management	Shift funding to Mayor's office/Neighborhood City Hall for Senior Advocacy	(1)	(144,639)		(144,639)



SECOND REVISION

BY ALL COUNCIL MEMBERS:

- Whereas, As part of the financial commitments by Detroit Entertainment, LLC, Greektown Casino, LLC and MGM Grand LLC in their initial development agreements to establish and fund a development fund, the casinos made a commitment of \$73,500,000 over a ten-year period for façade improvements, gap financing, loan guarantees, rehabilitation, equipment and working capital for existing and new businesses; and
- Whereas, Funds collected by the City under the initial development agreements totaled \$2,500,000 for business development; and
- Whereas, The \$2,500,000, intended for business development, is currently in Appropriation 07185 entitled "Permanent Casino Site Supplement & Infrastructure Improvements" and has been balanced forward each year since fiscal year 1998-99, and
- Whereas, Under the revised casino development agreements, the amount for business development funds was amended to \$40,000,000, with each casino making a \$10,000,000 commitment towards establishment of a minority business development fund, and the City to contribute an additional \$10,000,000 from the first year's \$51,000,000 payment by the casino developers to the City; and
- Whereas, The \$30,000,000 collected by the City under the revised development agreements is being held, pending disposition of the *Lac Vieux* litigation; and
- Whereas, The Detroit City Council is desirous of furthering the City's ability to assist small Detroit-based, woman-owned and minority-owned businesses both throughout the City and in a targeted district celebrating the City's rich African American heritage; and
- 
- Whereas, In this regard, the City Council is considering an additional allocation of at least \$250,000 in Community Development Block Grant funds towards the development of an African American business district; and
- Whereas, Funds for business development, totaling \$42,750,000, are proposed for the Joint Employment and Procurement Advisory Board, the Detroit Community Loan Fund, the Office of Neighborhood Commercial Revitalization (ONCR), an ONCR Loan Fund, Black Chamber Research, Wayne County-Detroit New Market Tax Credit, Residents/Real Estate/Downtown/Riverfront Gap Fund, Resident Restaurant/Retail,



National/Regional Retail/DDA, Tech Town, and an African American Business District;

Resolved, That the Detroit City Council concurs with the following framework, which includes \$250,000 in funding from the 2005-06 Community Development Block Grant program, for the expenditure of the business development funds received by the City under the initial and revised casino development agreements:

Joint Employment and Procurement Advisory Board	\$1,500,000
Detroit Community Loan Fund (DCLF)	\$5,000,000
Office of Neighborhood Commercial Revitalization	\$7,000,000
ONCR Loan Fund	\$1,500,000
Black Chamber Research	\$ 500,000
Wayne Count/Detroit New Market Tax Credit	\$4,000,000
Residents/Real Estate/Downtown/Riverfront Gap Fund	\$6,000,000
Resident Restaurant/Retail	\$2,000,000
National Regional Retail/DDA	\$5,000,000
Tech Town	\$4,000,000
African American Business District	\$6,250,000

Resolved, That the Finance Department be requested to prepare the appropriate documents for City Council action appropriating \$1,500,000 of the revenue collected from the casinos in Appropriation 07185, Permanent Casino Site Supplement & Infrastructure Improvements, to a new appropriation, Appropriation 11853, Office of Neighborhood Commercial Revitalization, for establishment of a small business loan program targeted to Detroit-based, small, and minority and women-owned businesses, and for expansion of the commercial strip revitalization program to additional districts; and

Resolved, That the Finance Department be requested to prepare the appropriate documents for City Council action appropriating \$1,000,000 of the revenue collected from the casinos in Appropriation 07185 to a new appropriation in the Planning and Development Department, Appropriation 11854, African American Business District, for pre-development and site preparation in conjunction with development of a business district celebrating the City's rich African American heritage.

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**EXHIBIT C  
SCOPE OF SERVICES  
EDC ACTIVITIES**

1. Generally the EDC shall provide project management services for the Project including a Project Coordinator/Manager, and accounting and administration staff as required for the proper completion of the Project.

2. In addition to the services set forth in Article III the EDC will provide underwriting services with respect to the following described aspects of the Project:

**A. National/Regional Retail/Restaurant Chain Loan Program**

**Goal:** Foster investment in recognized chain retail/restaurant ventures in the downtown/Rivertown area.

**Geographic Limitation:** Loans made will be limited to the geographic areas further detailed in site map labeled Attachment "1" attached hereto.

**Credit Limitations:** All loans will be subject to standard credit underwriting more specifically detailed in the EDC's "Credit Policy Manual" a copy of which is the possession of both parties.

**Qualifications:** Ownership of or demonstrated management responsibility for similar ventures; Valid license/operating agreement for proposed venture; Demonstrated financial capacity to complete build-out and provide necessary operating capital for a minimum of one (1) year.

**Maximum Loan Amount:** Loans will be limited to a maximum amount of \$500,000 or 40% of project costs, whichever is less.

**Maximum Amount to be allocated: \$5,000,000.**

**B. Non-Affiliated Retail/Restaurant Chain Loan Program**

**Goal:** Foster investment in in-fill ground floor retail/restaurant ventures in the downtown/Rivertown area. Preference will be given to full service restaurants and retail outlets providing services not otherwise available in the general neighborhood.

**Geographic Limitation:** Loans made will be limited to the geographic areas further detailed in site map labeled Attachment "1" attached hereto.

**Credit Limitations:** All loans will be subject to standard credit underwriting more specifically detailed in the EDC's "Credit Policy Manual" a copy of which is in the possession of both parties.



**Qualifications:** Ownership of or demonstrated management responsibility for similar ventures; Demonstrated financial capacity to complete build-out and provide necessary operating capital for a minimum of one (1) year.

**Maximum Loan Amount:** Loans will be limited to a maximum amount of \$200,000 or 40% of project costs, whichever is less.

**Maximum Amount to be allocated:** \$2,000,000.

**C. Real Property Rehabilitation Gap Fund Program**

**Goal:** Foster greater investment in real property rehabilitation project by City of Detroit residents.

**Geographic Limitation:** Loans made will be limited to the geographic areas further detailed in site map labeled Attachment "1" attached hereto.

**Credit Limitations:** All loans will be subject to standard credit underwriting more specifically detailed in the EDC's "Credit Policy Manual" a copy of which is in the possession of both parties.

**Qualifications:** Loans will be limited to real property rehabilitation projects to be owned, operated, and financed by City of Detroit residents. City of Detroit resident ownership is defined as a minimum of 60 % of the ownership entity being comprised of City of Detroit residents (minimum two [2] year residency requirement).

**Maximum Loan Amount:** Loans will be limited to a maximum amount of \$750,000 or 40% of project costs, whichever is less.

**Maximum Amount to be allocated:** \$6,000,000.

3. The EDC will provide grant underwriting and supervision for the following programs:

**A. Detroit Community Loan Fund**

**Goal:** Assist in building the small business infrastructure in the City of Detroit by providing loan funds for expanding the already successful small business loan fund jointly operated by Detroit Renaissance, ShoreBank Enterprise Detroit and the Detroit Investment Fund. Grant funds will be used for direct lending, conducting outreach activities, providing business assistance consulting and to leverage capital seeking investment in the loan fund from private and governmental sources. The objectives of these



four programs and a preliminary budget for same are more further detailed in the document entitled "Detroit Community Loan Fund" a copy of which is the possession of both parties.

**Maximum Amount Allocated: \$4,500,000.**

**B. Black Chamber Research**

**Goal:** Grant funds to the Black Chamber of Commerce to be used in a joint research project with the University of Michigan to discover ways and means of assisting Black Business Development efforts in the City of Detroit. Specific program objectives and a budget to be negotiated by among parties.

**Maximum Amount Allocated: \$500,000.**

**C. Tech Town Business Development Fund**

**Goal:** Grant funds to Wayne State University's Tech Town initiative for investment in promising high-tech start-ups to create jobs in emerging sectors of the economy. Tech Town will provide an environment where start-ups can take advantage of University research, student internship opportunities and institutional assistance in contract procurement, grant-writing and consulting experience. Tech Town will provide both grants and loans, depending on business needs. Specific program objectives and a budget to be negotiated among parties.

**Maximum Grant Amount: \$4,000,000.**

4. The EDC will provide project management, loan and grant underwriting services in connection with the following projects:

**A. African American Business District**

**Goal:** Assist in the establishment of an African American cultural district and provide economic assistance to retail/commercial/ entertainment businesses operating in the established district in the form of low interest rate loans. Funding first to go for land assembly, then for matching City, State and Federal grants, and finally to establish a loan program.

**Geographic Limitation:** To be determined.

**Credit Limitations:** All loans will be subject to standard credit underwriting more specifically detailed in the EDC's "Credit Policy Manual", a copy of which is in the possession of both parties.



**Qualifications:** Ownership of or demonstrated management responsibility for similar ventures; Demonstrated financial capacity to complete build-out and provide necessary operating capital for a minimum of one (1) year.

**Maximum Loan Amount:** Loans will be limited to a maximum amount of \$500,000 or 40% of project costs, whichever is less.

**Maximum Amount to be allocated to project: \$6,000,000.**

Project management services will include assistance in the determination of the location of the District, evaluation of the whether grants for physical improvements to the District are appropriate, and possible construction of infrastructure improvements within the District. All costs of loans, grants, and infrastructure improvements will be charged against the Maximum Amount allocated to this project.

**B. Joint Employment and Procurement Advisory Board (JEPAB):**

Pursuant to the Revised Development Agreements with the Casino Developers the City is to work with the Casino Developers to form, staff, and fund the JEPAB. JEPAB's purpose is to monitor the activities of the Casino Developers with regard to resident employment and the use of targeted businesses as suppliers to the Casinos. The goals, targets, and obligations are set forth in the Casino Development Agreements. The City will monitor the activities of JEPAB and make recommendations to the EDC Board of Directors relating to the use of the allocated funds.

**Maximum Amount to be allocated to project: \$2,000,000.**

**C. New Markets Tax Credit Program**

The EDC will provide project management for the establishment of a Michigan limited liability company to make qualified investments pursuant to the New Markets Tax Credit legislation provided by the federal government. The general guidelines for the Program will be consistent with the letter from the City of Detroit Planning & Development Department to the Wayne County-Detroit CDE, Inc. which is attached hereto as Attachment "2". The staff of the EDC shall act as the City of Detroit representatives as set forth in the Attachment "2" and the EDC shall have general programmatic responsibility for the associated matters.

If a New Markets Tax Credit program is instituted by Wayne County other than as described in Attachment "2", in consultation with the City's Director of Planning and Development (or the successor position to said



office) the staff of the EDC shall act as the City of Detroit representatives as set forth in the Attachment "2" and the EDC shall have the option to contract with an alternative Community Development Entity (CDE) to meet the objectives of the New Markets Tax Credit Program as outlined in Attachment "2" and the EDC shall have general programmatic responsibility for the associated matters and the funds allocated pursuant to this section will be allocated to the said program.

Should the Wayne County-Detroit CDE, Inc. not obtain an allocation of new markets tax credits as required by the New Markets Tax Credit Program, and the EDC is unable to find a new markets tax credit CDE that meets the objectives of the New Markets Tax Credit Program as described in Attachment "2", the funds allocated pursuant to this New Markets Tax Credit Program will be reallocated by the EDC in consultation with the City of Detroit Director of Planning and Development or the successor position to said office to the programs and initiatives funded by this Agreement..

**Maximum Amount Allocated to Program: \$4,000,000.**



Attachment XRESOLUTION

BY COUNCIL MEMBER: \_\_\_\_\_

WHEREAS, as part of the financial commitments by the Detroit Entertainment, LLC, Greektown Casino, LLC, and MGM Grand LLC, in their initial development agreements to establish and fund a development fund, the casinos made a commitment of \$73,500,000 over a ten-year period for façade improvements, gap financing, loan guarantees, rehabilitation, equipment and working capital for new businesses; and

WHEREAS, funds collected by the City under the initial development agreements totaled \$2,500,000 for business development; and

WHEREAS, the \$2,500,000, intended for business development, is currently in Appropriation No. 11853, entitled "Office of Neighborhood Commercial Revitalization and Appropriation No. 11854 entitled "Planning and Development Department—African American Business District", and

WHEREAS, that under the revised casino development agreements, the amount for business development funds was amended to \$40,000,000 with each casino making a \$10,000,000 commitment towards establishment of a minority business development fund, and the City to contribute an additional \$10,000,000 from the first year's \$51,000,000 payment by the casino developers to the City; and



WHEREAS, the \$30,000,000 collected by the City under the revised development agreements is no longer being held due to the resolution of the *Lac Vieux* litigation; and

WHEREAS, the Detroit City Council is desirous of furthering the City's ability to assist small Detroit-based, women-owned, and minority-owned businesses both throughout the City and in a targeted district celebrating the City's rich African-American heritage; and

WHEREAS, in this regard, the Detroit City Council has allocated \$250,000 in Community Development Block Grant funds towards the development of an African-American business district; and

WHEREAS, the Detroit City Council, in its action of April 27, 2005, approved the following framework for the total of \$42,750,000 in business development funds, which includes \$250,000 in funding from the 2005-2006 Community Development Block Grant program, for the expenditure of the business development funds received by the City under the initial and revised casino development agreements:

Joint Employment & Procurement Advisory Board	\$1,500,000
Detroit Community Loan Fund	\$5,000,000
Office of Neighborhood Commercial Revitalization (ONCR)	\$7,000,000
ONCR Loan Fund	\$1,500,000
Black Chamber Research	\$ 500,000
Wayne County Detroit New Markets Tax Credit	\$4,000,000
Residents/Real Estate Downtown Riverfront Gap Fund	\$6,000,000
Resident Restaurant/Retail	\$2,000,000



National - Regional Retail/DDA	\$5,000,000
Tech Town	\$4,000,000
African-American Business District	\$6,250,000

and it has been determined that The Economic Development Corporation of the City of Detroit shall manage these funds and, where necessary, enter into agreements with the recipients indicated in the framework to manage these programs on the City of Detroit's behalf; and

WHEREAS, the amount allocated to the Joint Employment & Procurement Advisory Board in the action of April 27<sup>th</sup>, 2005 is not consistent with the amount stated in each of the revised casino development agreements among the City of Detroit, The Detroit Economic Development Corporation and the Detroit casino developers, it is provided further that, in order for these agreements and the Detroit City Councils business development fund allocations to be in conformance, the amount allocated to the Joint Employment & Procurement Advisory Board is increased from One Million, Five Hundred Thousand (\$1,500,000) Dollars to Two Million (\$2,000,000) Dollars and the Detroit Community Loan Fund is reduced from Five Million (\$5,000,000) Dollars to Four Million Five Hundred Thousand (\$4,500,000) Dollars; and

NOW, THEREFORE, BE IT RESOLVED, that the Detroit City Council approves the Funding Agreement by and between the Economic Development Corporation of the City of Detroit and the City of Detroit (Casino Development Fund Project) for the total amount of \$42,500,000; and



BE IT FURTHER RESOLVED, that in consideration of the City's fiscal situation, that the total sum to be transferred to the Economic Development Corporation of the City of Detroit shall be done as follows: Upon the execution of this Agreement and its approval by City Council, the City shall cause these funds to be transferred to the EDC in multiple payments: the first payment in the sum of Seven Million (\$7,000,000) Dollars shall be transferred by Dec. 31st, 2005 and a second payment after March 31st, 2006 and following payments thereafter upon request by the EDC as needed to support the objectives outlined in the Scopes of Services.



# Attachment XI

	Total Budget	Budget	Received	Balance	
<b>Receipts</b>					
City of Detroit	42,500,000.00	14,000,000.00	14,000,000.00	0.00	
Interest Income	350,000.00	350,000.00	242,114.07	(107,885.93)	
	42,850,000.00	14,350,000.00	14,242,114.07	(107,885.93)	
	<b>Total Budget</b>	<b>Budget</b>	<b>Disbursed</b>	<b>Balance</b>	
<b>Expenses</b>					
Tech Town	4,000,000.00	1,125,882.00	625,882.00	500,000.00	payment of \$500k is expected to be made this week.
JEPAB	2,000,000.00	312,941.00	312,941.00	0.00	
ONCR Small Bus Loan Fund	1,500,000.00	705,000.00	705,000.00	0.00	
ONCR	7,000,000.00	974,911.00	161,091.67	813,819.33	
DCLF	4,500,000.00	704,118.00	704,118.00	0.00	
Black Chamber	500,000.00	78,200.00	78,200.00	0.00	
AABO	10,000,000.00	8,064,729.00	1,774.00	8,062,955.00	payment of \$8million is expected to be made this week
National Retail	5,000,000.00	782,321.00	0.00	782,321.00	
Resident Retail	2,000,000.00	313,051.00	170,000.00	143,051.00	
Resident Real Estate	6,000,000.00	938,847.00	0.00	938,847.00	
Administration	350,000.00	350,000.00	175,000.00	175,000.00	
	42,850,000.00	14,350,000.00	2,934,006.67	11,415,993.33	
	0.00	0.00	11,308,107.40	11,308,107.40	

MAR. 20. 2007 4:09PM

DEGC 3139639790

NO. 5404 P. 3



CITY OF DETROIT  
PLANNING & DEVELOPMENT DEPARTMENT

2300 CADILLAC TOWER  
DETROIT, MICHIGAN 48226  
PHONE 313-224-6380  
FAX 313-224-1629  
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February 28, 2007

City Council  
City of Detroit  
13<sup>th</sup> floor  
Coleman A. Young Municipal Center  
Detroit, Michigan 48226

**RE: Allocation of Casino Loan Funds**

Honorable Council:

On April 22, 2005, this honorable body adopted a Resolution establishing the expenditures to be made of the business development funds received by the City pursuant to the initial and revised casino development agreement. (Casino Loan Funds)

The Resolution allocated \$4,000,000 to the Wayne County/Detroit New Market Tax Credit Program. However, the New Market Tax Credit Program has been unable to enter into an allocation agreement with the Community Development Financial Institution Fund, which would have permitted it to act as the community development entity and therefore expend the funds allocated.

On November 1, 2005, the City entered into a funding agreement with the Economic Development Corporation of the City of Detroit (EDC) to administer the Casino Loan Funds.

On October 18, 2004, this honorable body passed a Resolution defining the scope of the program formerly known as the African-American Business District.

We are hereby requesting the adoption of the attached resolution authorizing the Finance Department to take whatever action it may deem necessary to reallocate funds previously allocated to the New Market Tax Credit Program to the program formerly known as the African-American Business District resulting in allocations for the New Market Tax Credit Program of NO Dollars and an allocation to the African-American Business District of \$10,000,000.



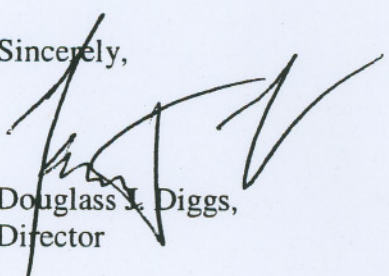
Casino Loan Fund Resolution  
(New Market Tax Credit Program)  
Reallocation  
February 28, 2007  
Page 2

Further we are requesting authorization to negotiate and execute an amendment to the funding Agreement with the EDC, authorizing the EDC to expend the Casino Loan Fund in a manner authorized by this resolution and to eliminate any further obligation in relation to the New Market Tax Credit Program.

Please find attached a Resolution requesting authorization of this honorable body to establish the expenditures to be made of the business development funds received by the City pursuant to the initial and revised casino development agreements.

Thanking you in advance for your continued cooperation.

Sincerely,



Douglass J. Diggs,  
Director

DJD/rdc:  
Attachment

Cc: K. Milton, MO  
J. Ribbron, CPC  
W. Gillebeaux, EDC  
File



**RESOLUTION  
OF THE CITY OF DETROIT  
CITY COUNCIL**

**By Council Member:\_\_\_\_\_**

**WHEREAS**, on April 22, 2005 the City Council adopted a Resolution establishing the expenditures to be made of the business development funds received by the City pursuant to the initial and revised casino development agreements (the "Casino Loan Funds");

**WHEREAS**, said Resolution allocated \$4,000,000 to the Wayne County/Detroit New Market Tax Credit Program (the "New Market Tax Credit Program");

**WHEREAS**, the New Market Tax Credit Program has been unable to enter into an allocation agreement with the Community Development Financial Institutions Fund which would permit it to act as a community development entity and therefore expend the funds allocated to it;

**WHEREAS**, on November 1, 2005 the City entered into a funding agreement with the Economic Development Corporation of the City of Detroit (the "EDC") to administer the Casino Loan Funds;

**WHEREAS**, the EDC has recommended that the funds allocated to the New Market Tax Credit Program be reallocated to provide additional funding to the program formerly known as the African-American Business District;

**WHEREAS**, on October 18, 2004 the City Council passed a Resolution defining the scope of the program formerly known as the African-American Business District;

**WHEREAS**, the City Council concurs with the recommendation of the EDC.

**NOW, THEREFORE, BE IT RESOLVED** that the Finance Department is hereby authorized to take whatever action it may deem necessary to reallocate funds previously allocated to the New Market Tax Credit Program to the program formerly known as the African-American Business District resulting in allocations for the New Market Tax Credit Program of NO Dollars and an allocation to the African-American Business District of \$10,000,000;

**BE IT FURTHER RESOLVED**, that the Planning and Development Department is hereby authorized to negotiate and execute an amendment to the Funding Agreement with the EDC, authorizing the EDC to expend the Casino Loan Fund in a manner authorized by this resolution and to eliminate any further obligation in relation to the New Market Tax Credit Program.